



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 431

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: February 23, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 431 prohibits delayed deposit licensees (payday lenders) under the Delayed Deposit Services Licensing Act from entering into a transaction with a potential maker who (a) has an incomplete transaction with such licensee or any other licensee or (b) has completed a transaction within the last 72 hours. The bill also expands on the current definition of a completed transaction. These prohibitions will close holes that were left open in previous legislation and reduce abuse of the Delayed Deposit Services Licensing Act by licensees and consumers.

To enforce these new prohibited acts the bill creates a data base that shall be implemented by the Director of the Department of Banking and Finance or a third-party provider. The bill provides for fees to be charged to defray the costs of establishing the data base. These fees will be attached to change of principal place of business forms, new licenses, new branch offices, and annual renewals of both until the implementation of the data base. After the implementation of the data base, a verification fee not to exceed one dollar per transaction will be imposed on each licensee. This fee shall not be passed on to any maker.

The data base will have real-time access through the internet and be accessible at all times to the licensees and the director. The data base provider prior to implementation will run a pilot program with all licensees, for at least thirty days, to test all of its processes. No fees for transaction verification will be charged during this pilot program.

The bill also provides guidelines for third-party providers for development, implementation, and maintenance of the data base.

Principal Introducer: _____
Senator Amanda McGill